



SCHIP Should be Preserved in a Fiscally Responsible Way *Program Should Benefit Low-Income Children, Not Add Billions to Deficit*

➤ **SCHIP Should be Preserved, But Not Expanded Beyond its Original Intent**

- SCHIP should remain focused on low-income children, not expanded to include the middle-class.
- SCHIP should be for children only, with the exception of pregnant mothers.
- SCHIP funding should be adequate to maintain current coverage.
- SCHIP should not be used to move families off private health insurance onto government dependency.

➤ **Legislation Uses Budgetary Gimmick to Mask Its True Cost, and Avoid Pay-Go Obligations**

- The Finance Committee's SCHIP bill includes a budgetary gimmick to mask the true cost of the bill by drastically reducing SCHIP spending from \$16 billion in 2012 to \$3.5 billion in 2013 and thereafter.
- Clearly, this reduction won't actually happen. The \$3.5 billion is LOWER than the \$5 billion per year assumed under current law. There is no doubt that spending will rise in 2013, not drop by \$12.5 billion and fall below its current level.
- This maneuver allows the bill to escape a super-majority PAY-GO point of order – the very same PAY-GO point of order praised by the Democrats as the way to discipline our deficit problem.
- This gimmick masks \$40 billion in spending during 2013-2017 and would amount to the largest PAY-GO violation this year if the gimmick hadn't been employed.
- How does this legislation escape a 302(f) point of order (exceeding an authorizing committee's budget allocations)? By employing one of the dozens of tax-and-spend reserve funds included in the Democrats' FY 2008 budget. Yesterday, the Senate Budget Committee chairman revised the budget resolution – he raised revenues by \$35.3 billion and gave the Finance Committee an equivalent increase in its spending allocation.

➤ **Legislation Triggers Massive Growth in Medicaid, and a Long-Term Point of Order Against the Bill**

- SCHIP is not the only program impacted by the Finance Committee bill. New Medicaid spending amounts to \$42.3 billion in the bill, more than half the total. At historical Medicaid growth rates, this leads to more than \$1.9 trillion in spending over 75 years.
- This Medicaid spending triggers a long term point of order against the bill: section 203(b) of the Budget Act, which prohibits consideration of legislation that would cause a net increase in the deficit in excess of \$5 billion in any of the four 10-year periods (2018-2027, 2028-2037, 2038-2047, or 2048-2057).